

ORDER NO. 4424

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Tony Hammond, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Competitive Product Prices
GEPS 3 (MC2010-28)
Negotiated Service Agreements

Docket No. CP2017-120

ORDER APPROVING MODIFICATION ONE TO
GEPS 3 NEGOTIATED SERVICE AGREEMENT

(Issued February 28, 2018)

I. INTRODUCTION

The Postal Service seeks to modify a Global Expedited Package Services 3 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of the United States Postal Service of Filing Modification One to Global Expedited Package Services 3 Negotiated Service Agreement, February 27, 2018 (Notice). The modification is an attachment to the Notice (Modification).

On February 22, 2018, the Postal Service filed a motion for temporary relief seeking a contract extension, stating that it would send to the customer a proposed modification that would similarly extend the contract, and would file that modification once it was signed.² On February 23, 2018, the Commission granted the Postal Service's motion for temporary relief.³ Also, on February 23, 2018, the Postal Service filed a successor agreement in Docket No. CP2018-171. Notice at 1. On February 27, 2018, the Postal Service filed the Notice that it has agreed to the Modification to the Existing Agreement.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Modification changes the expiration date of the contract to the day prior to the effective date of the successor agreement in Docket No. CP2018-171, or until March 31, 2018, whichever is earlier. Notice at 2. The Commission previously extended the expiration date of the contract to March 31, 2018, when it granted the Postal Service's Motion. See Order No. 4420 at 2. The Modification will thus not result

² Motion of the United States Postal Service for Temporary Relief Concerning Global Expedited Package Services 3 Negotiated Service Agreement, February 22, 2018 (Motion).

³ Order Granting Motion for Temporary Relief, February 23, 2018 (Order No. 4420).

in the Existing Agreement, as modified, lasting longer than the Commission previously authorized.

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Existing Agreement, as modified, is set to expire on the day before the effective date of the successor agreement in Docket No. CP2018-171 or March 31, 2018, whichever is earlier. Notice at 2. If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Expedited Package Services 3 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date.

By the Commission.

Stacy L. Ruble
Secretary